When Nicolas Pauthier first joined L'Oréal 12 years ago, the world's largest cosmetics and beauty company was deriving most of its revenue from the booming economies of the West, where women of all ages thronged outlets in search of beauty products to tame flyaway hair or moisturise dry skin. But, as demand for these products spread to the emerging economies of the East, L'Oréal soon discovered that it needed a new range of merchandise and marketing techniques to be relevant to this new and very lucrative customer base.

"The meaning of beauty has become more important in Asia than anywhere else in the world," Pauthier, human resource director at L'Oréal Singapore and Asean, tells Management@Work. "Asians want innovative products that are customised to their needs, but they also want value for money."

As it turned out, consumers in the region had little interest in most of L'Oréal's best-selling products in the US and Europe. Asian hair differs in texture from Caucasian hair, for example, requiring specific products to address its characteristics. And, while L'Oréal quickly learnt to include skin whitening compounds in its skincare brands, no such demand exists in the West. "The most important skincare feature in Asia is whitening. Whereas in the US and Europe, it's exactly the opposite, we want to be tanned," reveals Pauthier.

To cater to local needs in L'Oréal's new markets, the company needed employees who were not only familiar with Asian culture, spending habits and priorities, but who also had a knack for spotting and predicting beauty trends in the region. For Pauthier, matching suitable people to available jobs at L'Oréal is harder than it seems. Last year, he received some 10,000 applications for 60 positions at L'Oréal Singapore, and shortlisted candidates had to pass four gruelling rounds of interviews with Pauthier and his team before securing a place with the company.

"You can have the best laboratories and products, but recruiting the right people to market and sell them is key," Pauthier says. L'Oréal currently has about 200 employees in Singapore. "Twenty years ago, 70% of the beauty business was from the US, but in 10 years it will be less than 35%. All these new consumers don't want to have exactly the same products as the US or France, they want something developed specifically for them," he adds.

"Working together in Asia, Pauthier is hiring strongly in the sales and marketing departments, while a smaller number is recruited to work in the research department. Biotherm's White Detox skincare range and Garnier's Fructis shampoo and conditioners, two of the brands under the L'Oréal umbrella, came from R&D staffers tasked with developing new cosmetic product concepts. Marketing teams, which are formed in each country where L'Oréal has a presence, are responsible for moulding international product offers to local tastes. "We have teams who develop promotions catered to local preferences and make sure products are fully relevant to the market," Pauthier says. Biotherm's White Detox, for example, would have been too strongly promoted in Asia but less so in the US. Finally, the sales teams engage directly with customers and convince them to purchase products based on the promotions. It is feedback from the frontline sales representatives that is important towards understanding how consumers appreciate certain promotions, Pauthier says. "Both the marketing
Meeting beauty needs

The Body Shop has remained resilient in the downturn and, together with sales from emerging markets, provides L’Oreal with a strong revenue source.

L’Oreal, the world’s largest beauty company has come to know the head office in the Paris suburb of Clichy in May. It celebrated 100 years of beauty and innovation by 67,500 employees from 95 countries.

Indeed, from a small company by visionary chemist and entrepreneur Eugenia Schueller, who made and sold dyes to hairdressers in Paris, L’Oreal has grown into a company with 23 global brands under its name. These include popular mass-market brands like L’Oreal Paris, L’Oreal Professional, Vichy and Biotherm, as well as luxury brands like Lancome, Ralph Lauren, Guy Laron- dre and Gucci Amn. The products are distributed widely in salons, shopping outlets, luxury malls and pharmacies.

Today, L’Oreal markets more than 4.5 billion units of products every year, registering more than 500 patents a year. As the desire for beauty and good looks among women and even men grow, L’Oreal has 3,000 scientists in 18 research centres and 55 evaluation offices throughout the world working on a budget of almost €600 million (5.2 billion) to develop new formulas in the field of hair and skin care. It is licensed in France, with its founder’s family and Swiss food company Nestle each holding about 30% in the company.

The priority to look and feel good hasn’t diminished, even with rising unemployment rates and a general slowdown in discretionary spending among a thriftier consumer base, says Nicole Paubert, director of human resources at L’Oreal Singapore and Asean.

"People are usually willing to spend a bit more money to look good if they can see the difference in terms of the quality of a product," he says. "Consumers, as ever, are very clever in this industry, they are able to recognise the quality of a certain lipstick or skincare product. In times of crisis, people still look for the best quality at the best price." L’Oreal’s expansion outside Europe and the US began on a large scale in the early 1990s, as its R&D function grew and matured. Among some of its international competitors are US beauty giant Estée Lauder, which was acquired in 2000, and popular beauty chain The Body Shop in 2006. Today, nearly 90% of the company’s turnover is accounted for outside of France, a third of that from the emerging markets.

L’Oreal is now present in more than 130 countries, matching a billion consumers, for the first time in 2008, L’Oreal reported a 2.3% y-o-y increase in total sales to 6.3 billion despite a tough economic environment. Mass-market products and the Body Shop sales proved resilient, but its luxury brands saw a slow decline. In Asia, growth in y-o-y sales in 12/2009 was backed by strong demand for Guerlain, L’Oreal’s Paris, Maybelline Men’s and Kiehl’s products. According to the company’s results announcement, China has taken the No.1 spot in men’s skincare, while in South Korea, there is a strongly growing demand for L’Oreal’s luxury brands.

"The globalisation of the cosmetics market is only just beginning," said L’Oreal’s executive chairman, commenting on recent opportunities during the company’s 100-year celebration. "It provides our company with a huge opportunity for at least the next 20 years.”

and sales teams work closely together to develop the best promotions for consumers based on the feedback of what consumers’ priorities or preferences are. Some of the most sought after brands in Singapore include Kiehl’s and Maybelline New York. Also owned by L’Oreal are The Body Shop and Kiehl’s, a 160-year-old apothecary that was bought over by L’Oreal in 2000.

Kiehl’s, a 160-year-old apothecary, was bought over by L’Oreal in 2000

"Beauty is linked to people and their behaviour," he explains. Instead of being deskbound, he expects product and brand managers to spend Friday and Saturday nights at Clarke Quay looking out for trends. "You can learn a lot that way. Or just go to FairPrice to observe how someone chooses her shampoo. Or get to Starbucks and observe how people wear their lipstick.”

Grace Tan, marketing manager for the L’Oreal Paris brand in Singapore, says she has gained a deeper appreciation and understanding for beauty through her five years with the company. "I like the fact that there is never a dull day at work, and that everybody is a new day for me to challenge myself to excel and find newer and better ideas for my products and launches," she says. Eliz Tan, marketing and operations executive at Kiehl’s in Asean, agrees, saying: "I love the fast pace, ever-changing aspects of my job.

L’Oreal, whose catchphrase is "because you’re worth it", doesn’t have a clear slate in its hiring practices, though. Just last month, it was fined by a French high court for exploiting rassist labour practices to attract 20,000 staff to work on the factory floor.

"Curiosity is key in beauty and we are looking for diverse and open-minded people to come on board," he stresses. "Beauty is about being able to innovate, observe what happens in the industry and recognize trends in the next five years. If you ask a woman what her dream beauty product is, there is no limit. Our job is to help them to discover new needs, so we need very innovative people.”

Indeed, several brand managers at L’Oreal come from engineering or other backgrounds unrelated to sales and marketing or the beauty industry, and the company welcomes fresh graduates from all disciplines. As part of its ongoing search for diversity and talent, it has developed partnerships with 200 of the best universities around the world. In Singapore, L’Oreal partners with the National University of Singapore, Nanyang Technological University and Singapore Management University.

L’Oreal also regularly hosts competitions to find the best individual to join the company. One such competition is Brandstorm, which has been a successful recruitment tool for L’Oreal since its inception in 1993. In fact, both Grace Tan and Eliz Tan were former Brandstorm champions themselves.

This year’s national challenge, held in May, required participants to take on roles as brand managers to launch Maybelline’s first perfume. Among the eight finalists, at least three were bioscience graduates, Paubert points out. The champions, from NTD, went on to represent Singapore in a similar worldwide competition last month.

Retaining talent

Meanwhile, Paubert is working hard to retain the people he has painstakingly chosen to join and grow the company in the region. Newly hired employees can expect competitive salaries and look forward to a challenging and long-term career at a company with a substantial market share in the Asian market.

For starters, fresh graduates who are recruited will undergo a 12-month management training programme, which includes overseas assignments and seminars in personal development, so that they can discover where their interests and strengths lie. Some employees may be interested in working with hair or skincare products, and others may find that they have a knack for observing trends rather than engaging directly with customers. Higher-level staff are also encouraged to develop networks with employees in other countries and to widen their perspective on worldwide trends once every five years, on average.

For Paubert, who is of French origin, leading the human resource department in a company that is the country’s most lucrative market has never been more challenging and interesting. "Ten years ago, this industry was driven by Japan, France and the US," he says. "Ten years from now, the Vietnamese populations in China, India and Brazil will be the key drivers of the beauty business.”

"Asean is the right place to be right now, because in these countries we are still small and medium-sized, but we are growing so fast; each person who joins us now will also grow together with the company," he adds. Indeed, as consumers in China, India and even Indonesia awake to heightened economic development in their countries, the inherent desire for flawless skin and rosy-tinted lips spells opportunity for cosmetics companies. For the French beauty giant, nurturing a pool of global talent is a top priority as it races to expand in a competitive global marketplace.